

# The AMERICAN OBSERVER

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*

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OCTOBER 21, 1931

## PROGRAM IS ADOPTED TO HELP WEAK BANKS

**Spirit of Optimism Prevails as a Result of Action Designed to Furnish Credit**

### STRONG BANKS ARE TO HELP

**Explanation of Situation Which Has Endangered Position of Many Banks**

A spirit of optimism and hopefulness has prevailed in the business world during the last few days in marked contrast to the gloom of recent weeks. The reason for this change of tone in public sentiment is to be found in the concerted efforts which are being made by the bankers, backed by President Hoover and officials of the government, to assist banks which were under strain and to ease the credit situation. (See THE AMERICAN OBSERVER, October 14, page 4).

The banks were badly in need of relief. For a number of years the banking situation has not been satisfactory. Even during the prosperous period previous to the fall of 1929 banks were failing by the wholesale. "Not since the collapse of wildcat banking schemes in the thirties and forties of the last century," says Harold G. Moulton in his *Financial Organization of Society*, "has the number of bank failures been comparable with those of the last few years. During the nine-year period from July 1, 1920 to June 30, 1929 inclusive, approximately 4,925 banks, over 20 per cent of the total, closed their doors, tying up their deposits of approximately \$1,500,000,000. . . . In seven states over 40 per cent of all the banks in existence in 1920 have since failed; and in six states between 25 and 40 per cent have failed." Such was the record at the close of the greatest period of prosperity the country had ever known. Since then the record has been worse. Whereas the failures in 1928 amounted to 491, and in 1929 to 642, the number in 1930 was 1,345, while up to the first of August this year 932 banks had closed their doors.

#### Bank Failures

The greater number of these failures were in the South, the Middle West and the West. In large part they were due to the slump in farm values, for it must be remembered that the depression struck the farming industry long before it affected business generally. Banks which had made loans to farmers, secured either by the farmers' notes or by mortgages on land, found themselves unable to collect, for the farmers with their greatly reduced income could not pay their debts. The banks might conceivably have foreclosed on the mortgages they held, and sold the farms, but the values had fallen so greatly that little could be obtained in that way. There has been a very poor market for farm land since 1921. The result is that the banks



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which had a great amount of their assets tied up in loans to farmers in many cases found themselves unable to operate and were forced to close.

More recently there have been a great many failures in city banks—banks which have made loans on urban real estate. In certain sections of the country urban real estate as well as rural real estate has declined sharply in value, so the banks that have their money in real estate have not been able to get it out. In order to understand the situation which has prevailed among the banks recently, it is necessary to know how the banks operate under normal conditions and how the recent emergency developed.

#### How Banks Operate

Banks could not exist and do their work if people generally did not have confidence in them and in the security of ordinary investments. People who have a surplus of money put it in banks. They feel that it is safe there. They do not draw it out to preserve it or hoard it. They leave it in the banks in one kind of account or another, drawing it out only when they have use for it. The banks can figure out about how much of the money deposited with them will be called for on any given day or week, or at least they can tell this under normal conditions. So they do not keep on hand at any given time

enough to repay all the money that is deposited with them. They keep only a small part of the amount which depositors have a right to demand of them.

They use the rest of the money in various ways. With a part of it they make loans, and these loans are of different kinds. A merchant may come into the bank and say that he has money coming due in 30 or 60 or 90 days. He has notes which people have given him promising to pay after those intervals. But he needs ready cash. So he deposits the notes which he holds (or perhaps he merely gives his own note to the banker). The banker then lends him money. In other words, it discounts the merchant's notes—gives him the money for them, charging him a commission for doing so. These are the ordinary commercial loans. They are very good loans for a bank to make, because if it needs money quickly it can collect on such loans soon. If a banker who has quite a little of his money out on these commercial loans needs it in a hurry, he can send the notes which he holds as security for the loans to the Federal Reserve Bank of his district (there are 12 Federal Reserve districts in the country, each one with a Federal Reserve Bank) and the Federal Reserve Bank will do the same thing for him that he did for the

(Concluded on page 7, column 1)

## LAVAL IN AMERICA TO CONFER WITH HOOVER

**French Prime Minister Will Spend Four Days in Washington as Country's Guest**

### VISIT IS HIGHLY IMPORTANT

**Task of World Leadership Rests with America and France at Present Time**

Seldom has the visit of a European statesman to America been preceded by such a variety of rumors as those which took possession of Washington and Paris shortly before the arrival of M. Laval, French prime minister. Conflicting reports of a startling nature sped rapidly back and forth between the two great capitals as a bewildered public on each side of the Atlantic attempted to keep pace with them.

The confused state of mind resulted from speculation over the nature of the discussions which were to take place between Mr. Hoover and M. Laval. Rumors began to multiply after October 7 when President Hoover announced, during the course of his conference with prominent congressional leaders, his intention of discussing with the French premier, "the question of such further arrangements as are imperative during the period of depression in respect to intergovernmental debts." Two days later it was announced that there was reason to believe that Mr. Hoover favored an adjustment of the question of war debts according to the capacity of the various nations to pay. It was even suggested that those debts might be reduced by as much as 50 per cent. It was said that Premier Laval would bring a definite plan with him calling for such a reduction contingent upon the slashing of armament budgets to the extent of 25 per cent. This was denied officially in Paris. It was then stated that the conversations in Washington would deal largely with the question of gold. It was also reported that the two statesmen would primarily concern themselves with the problem of armaments. These and other rumors confused the political atmosphere. One of the latest reports dealt with the probability of holding a great international congress looking to the settlement of outstanding world problems.

#### Importance of Visit

Some of these rumors may have been well founded, others may not. This will not be apparent until the outcome of the meeting between Mr. Hoover and M. Laval becomes known. That they should have been made at all, and that so much importance should have been attached to them, seems to indicate that M. Laval's visit is looked upon as being tremendously significant. The world is struggling with a severe economic crisis. Of all the nations, only two are fully stable and powerful,—the United States and France. They alone are rich and in a position to take



the initiative in any constructive step calculated to better conditions. The task of world leadership is theirs. The stage is set for a dramatic event; some history-making act to be taken by the president of the United States and the prime minister of France. Whether or not such a step will be taken is not yet known. But the world anxiously awaits news from Washington as the meeting is about to take place.

The importance of M. Laval's visit is therefore not to be minimized. Whatever he and Mr. Hoover may decide upon might well have a decided bearing on the course of future world events. All this is apparent as we look at the general situation of the various nations today, a situation which is ably summed up by the *New Republic*.

Premier Laval's visit to Mr. Hoover, in the middle of October, comes at an extraordinary moment in history. England, the world's banker for centuries, is fighting for her financial life. Germany is desperately sick and has just been given an injection of strychnine, the stimulating effects of which are already wearing off. Italy and Japan are in sore straits. Russia, struggling up from the barbarism and misery of Tsarist days, under a rigid and complicated economic scheme, is immersed in her domestic problems. Only France and America are still going concerns in the old fashioned sense. Both are suffering from the depression, the United States far more than France; but between them they temporarily share the hegemony of the Occident.

Under the circumstances, a direct consultation between Premier and President becomes a matter of first importance. There is much that needs urgently to be done in the field of international relations. These two powers are the logical nominees to undertake the beginnings of the task of rehabilitation.

#### A Glance at the Past

In view of the significance of the event which is about to occur, it is interesting to look back into the years which have melted away into history and see briefly how Franco-American relations have fared. How have these two nations, which today stand preëminently above all others, acted with respect to each other? Where have they met, and where have they parted? What does the one think of the other at the present moment? The answers to these questions are vital ones and will loom large in the minds of Mr. Hoover and M. Laval as they face each other in conference this week.

Early relations between the two countries were happy ones. They began during the latter part of the eighteenth century when our 13 colonies were still uncertain of their future. They were fighting a desperate fight, a losing battle, it was feared, for their independence. Dark days they were for the nation just being born in the western world. Anxious calls were made to foreign nations for badly needed assistance. When help finally came it was France who sent it. Two treaties were signed in 1778 between France and representatives of the American colonies, a treaty of alliance and a treaty of amity and commerce. The treaty of alliance was an important one. It made our war for independence a common cause engaged in jointly by ourselves and another people. Our war became their war. Our future was definitely bound up with theirs. The treaty is moreover significant in that it is the only treaty of alliance to which this country has ever pledged itself.

#### The French Revolution

We need not go into the effects which this treaty had on the course of our revolution. Nor have we more than to mention the valiant assistance given to the colonies by the Marquis de Lafayette on his own behalf. Like-

wise, the motives of France in joining in our early venture need not be here appraised. The outcome of it all was that France and the United States established early bonds of firm friendship. Certain ties were made which have endured despite later differences and disputes.

The feeling of sympathy between the two peoples was added to by the French Revolution coming a few years later. Certain ideals were sought in that grim struggle which rocked the very foundations of France and altered the course of world history. Those

more side by side in a common cause. This time the situation was reversed. It was the United States who came to the help of France and her allies. In a way, it may be said that it was something of a repayment of the debt we owed France for the assistance she once rendered us. Assuredly this was not the sole reason for our going to war. But also it was not the least of those reasons. The widely heralded words, "Lafayette, we are here," attributed to General Pershing as he landed in France, furnish us with sufficient evidence as to the truth of this.



PARIS FROM THE TOWERS OF NOTRE DAME

© Ewing Galloway

The French capital has become the most important political center in Europe owing to the predominating position of the country.

ideals of liberty, equality and fraternity were not out of harmony with the sentiments embodied in our own Declaration of Independence. The common bond of understanding between France and America was nourished by this event.

During the nineteenth century and in the first few years of the twentieth, Franco-American relations, viewed in the large, slumbered. The people of America were engaged in a mighty task, the task of building a great nation. There was little time for foreign affairs. What incidents took place between this country and others, while they may have seemed important at the time, lose their significance when brought into the perspective of world history.

#### The Twentieth Century

It took another war to bring France and America actively together again. It took the great conflict which began in 1914 to find the two fighting once

The termination of the war brings to a close one chapter in the history of Franco-American relations. We must turn to the next, which, if less savory, is none the less important. During the years which have passed since 1918, things have not gone so smoothly between the two countries, as an examination of the various episodes which took place will reveal. The first rift appeared when it was proposed that a League of Nations be established. As a participant in the war the United States was invited to join the League. Our president was committed to it, and France believed we would adhere. But a great conflict of opinion arose over the question in America, the weight of which seemed to incline toward a retention of our traditional policy of non-intervention in the affairs of Europe. The United States did not join the League of Nations. Much ill-feeling against America prevailed in France at that time. It was felt that the League

was vital to future world peace, and that this country should take part in it.

#### Debts and Armaments

A few years later the question of the French debt to the United States came up for settlement. France, for the purpose of bearing the burdens of the war, was obliged to borrow vast sums of money. The United States made large loans to her. When the time came to arrange a schedule of repayment the feeling existed in France that the debt should be cancelled. Many in that country thought that the war was a common venture, and that its costs should be borne in common. The acidity with which Uncle Sam was referred to as "Uncle Shylock" is well remembered today. France and America did not think well of each other at the time.

During the whole period since the war, France's foreign policy has been made the subject of heavy criticism by a number of Americans. It has been said on this side of the Atlantic that she has been too severe in dealing with the nations vanquished during the war. It is thought in many quarters that those countries have not been allowed to recover, that they have been held down and restricted on every side. A large share of the blame for this is laid at the door of the French.

Criticism, too, has been levelled against the French position on armaments. France is the most strongly armed nation in Europe. She feels herself to be surrounded by possible enemies and, in order to be secure, has taken adequate measures to protect herself, should such be necessary. The United States has advocated the conclusion of agreements between nations providing for a reduction of armaments. France has been generally unwilling to join in such efforts unless she be assured of security. Repeated overtures have been made to the United States for a pact by which France would not have to fear possible future aggression. It does not seem likely that the United States would be willing to conclude such an agreement as it would not be in keeping with its policy in respect to Europe.

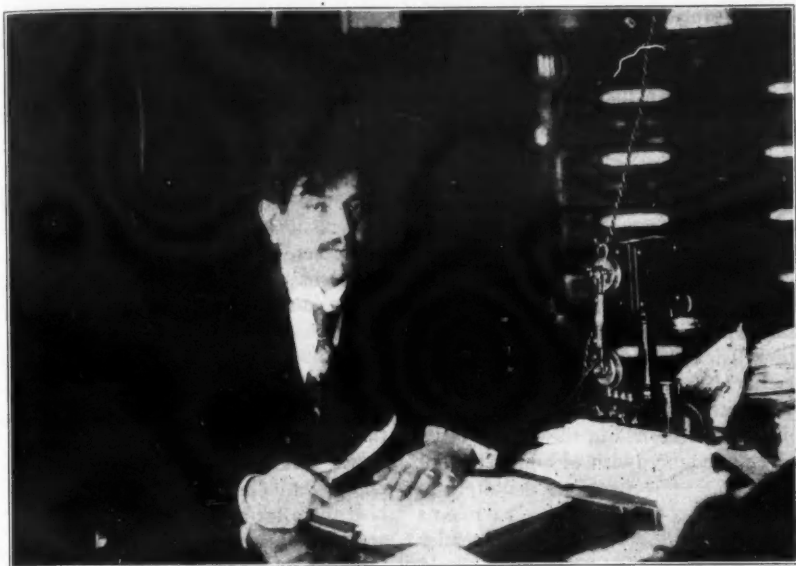
#### Present Relations

The story of Franco-American discord last summer is too recent to deserve more than passing mention. The delay caused by France in having the Hoover debt moratorium accepted exists as too vivid a memory to call for further elaboration. It is not important to decide for our present purpose whether or not France and the United States have been justified in their attitude toward each other in recent years. What is important is to know that there have been conflicts between the two nations and that these differences have a decided bearing on the present.

It is an established fact that the United States and France are the two strongest nations in the world today. They have many interests in common. Together, they possess almost three quarters of the total world gold supply. They are both rich and powerful. They are in a position to take the leadership of those nations which are struggling desperately under the weight of a widespread economic crisis. Of these facts President Hoover is fully aware. Pierre Laval knows them as well. They will bear them well in mind as they hold their consultations over a sick world; a world which anxiously awaits the developments to which their interviews will lead.

—ANDRÉ DE PORRY.





THE FRENCH PRIME MINISTER, PIERRE LAVAL

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## Pierre Laval, Innkeeper's Son, Rose Steadily to Win the Premiership of France

The outstanding passenger on the S. S. *Ile de France* which is due to dock today in New York is Premier Pierre Laval of France. For the first time in history the head of the French government will pay an official visit to our president in Washington, and it is evident that this event will rank among the most important throughout this year of startling occurrences.

The real significance of the forthcoming interview can only be appreciated after an analysis of some of the factors which led up to it, as well as of the persons involved.

We may say that this visit is the climax of a series of exchanges of views which received its initial impetus last June, when President Hoover proposed his famous moratorium plan to the governments. Almost immediately, we saw Secretary of State Stimson and Secretary of the Treasury Mellon embark for Europe. Mr. Mellon went directly to London, where he met Premier MacDonald and other members of the British Cabinet, Premier Laval and Foreign Minister Curtius of Germany, and the representatives of other countries who were vitally interested in the transactions.

After these negotiations, we saw the German political heads return to Berlin, first, however, stopping off at Paris, where they held further conversations with French leaders.

Then, towards the end of last month, Laval and Briand paid a call on Herr Brüning and his colleagues in Berlin.

From all this we can conclude that Europe has been knit together, so to speak, by the political and economic conditions of the time; and due to the close interdependence of Europe and America, we find that the United States too is necessarily a party to whatever discussion may take place.

The business approached at all these meetings could have been treated through ambassadors or by correspondence, to be sure. In doing so, however, not only much time is wasted waiting for replies, reports, or instructions, but there is ample possibility for misunderstanding, because of the passage of messages through many hands. It is only when the responsible men, that is, those who are empowered to make decisions, can meet each other, and talk over the problems which are common to their peoples, that a fair measure of understanding and sympathy can be hoped for.

It is clear that personality counts for a great deal in this new mode of communication, and it should therefore be very interesting to inquire into the character and background of Premier Laval.

This man, who holds such a dominating position in Europe, is the son of an innkeeper in the south of France. He is small of stature, swarthy of complexion, with dark brown hair and warm brown eyes. If he possesses the flashing French intelligence, he tempers it with a calm ability to weigh facts and conditions. He never jumps to decisions, but is always capable, when the time comes, of making them. His career has been one of hard struggle, studying his Latin while driving the hotel carriage, working his way to a diploma in law, gaining an entry to the Chamber of Deputies, then to the Senate, until suddenly he was lifted from the political background and made the most powerful figure in the country, the youngest premier in the history of France, at 48 years of age.

The testimony of those foreign diplomats with whom he dealt this year, including our own, is all most flattering to him. It was he who always searched for the happy medium. It was he who turned difficult snags into successful compromises. It is he who, by consolidating a personal acquaintance with the German statesmen, continued the fruitful work of Briand and the late Dr. Stresemann towards alleviating the tension which has been a constant threat to the peace of the world.

In view of all this, it is clear that all eyes are on Washington this month, and the meeting of the two heads of two great countries is looked forward to with great interest.

### EDUCATION BY RADIO

Believing that radio has not yet been properly exploited as a medium of disseminating information with

a view to constructive education, the National Advisory Council on Radio in Education recently inaugurated a series of radio lectures, the first of which was heard last Saturday, October 17, from 8:15 to 9 p. m. Eastern standard time. This initial program featured an introductory address by President Nicholas Murray Butler of Columbia University.

Through an arrangement with the National Broadcasting Company, the talks are broadcast over a 47-station network and are scheduled as follows: at 8:30 each Saturday night, there will be an address on some aspect of the present depression, followed by another covering a psychological topic. Each will be of 15 minutes' duration. Thus there are really two series of lectures to be dealt with over a period of 30 weeks.

The speakers and subjects of address have been carefully chosen, as a few examples will suffice to show. On October 31, Harold G. Moulton, president of the Brookings Institution, will speak on "America and the Balance Sheet of Europe," followed by Edward S. Robinson of Yale University on "Learning and Forgetting." November 7 offers Jane Addams of Hull House on "Social Consequences of Business Depressions," and Gardner Murphy, Columbia University psychologist, on "Our Social Attitudes." Other evenings will be no less interesting.

In view of the experimental character of its venture, the Council hopes that listeners will favor it with criticisms, suggestions and appraisals of the addresses and of the manner in which they are organized.

This is a new development in the use of radio as a means of education. That it is considered to be of the utmost importance is indicated by the fact that one of the most sought-after hours on the weekly broadcasting schedule is being devoted to it. This hour, coming as it does on Saturday night, is in great demand as at that time the largest number of people are apt to be listening. It is hoped by those interested in the venture that this is but the beginning of a new era in broadcasting—an era which will not only provide musical and other entertainment, but which will also bring to the people informative and educational material.



AN INFLUENCE IN THE MODERN AMERICAN HOME

According to the National Advisory Council on Radio in Education, the radio has been too long neglected as a means of providing the people with educational features.

## THOUGHTS AND SMILES

If, when Edison dies, all the machinery which he helped to develop should be shut down for an hour out of respect to his memory, the world would go black and industry would be practically at a standstill. That is a vast legacy for one man to leave.

—Portland OREGONIAN.

It may be all right to thaw out the frozen credit, if you can prevent your creditors from making it too hot for you later.

—Boston HERALD.

Study without thought is vain; thought without study is perilous.

—Confucius.

Civilization exists not for money, but for MEN.

—St. Paul PIONEER PRESS.

A doctor complains that there are too many germ-carriers in this country. What does he suggest that germs should do? Walk?

—London PUNCH.

It's nice to have half of the world's gold, but how can a merchant do business if he has all the money in town?

—Port Arthur NEWS.

A Wall Street philosopher says that a speculation is an investment so risky that no investors want it, and an investment is a speculation so safe that no speculators want it.

—Boston TRANSCRIPT.

If thou wouldst have praise, die.

—Welsh Proverb.

These days it is a matter of grave doubt whether taxation with representation is any easier than taxation without representation.

—Omaha WORLD HERALD.

With the wheat situation what it is, maybe there's something to this Baker-for-President move after all.

—Schenectady UNION STAR.

President Hoover and the Premier of France will not do their consulting on a log, Monsieur Laval not having time to visit the Rapidan camp. They may get together on a plank or two for their 1932 platforms, at that.

—New York TIMES.

"You don't seem to get very much excited about the trouble in Asia."

"Why should I," rejoined Senator Sorghum. "I see no reason for me to make speeches. Neither the Chinese nor the Japanese have any voting influence worth mention, in my district."

—Washington EVENING STAR.

"Three bandits," we read, "are wanted for a series of hold-ups in New Jersey." Are they sure three will be enough?

—Philadelphia INQUIRER.

PRONUNCIATIONS: Alfred Sze (zee), Seaham (see'am), Eduard Benes (ben'esh).



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WEDNESDAY, OCTOBER 21, 1931

### REVIEW OF THE WEEK

THE situation in the Far East is grave. Japanese troops continue to occupy Chinese territory in Manchuria. Bombardments have occurred even outside the railway zone which Japan has a legal right to police. China has called the matter to the attention of the League of Nations and is asking that action be taken to end the Japanese occupation. The Chinese president, Chiang Kai-Shek, has definitely threatened that if the peaceful evacuation of Manchuria is not brought about, China will go to war. The Japanese say that they cannot withdraw their troops until they have assurance that China will protect the lives of Japanese who are residing in that province.

The League of Nations Council was called in hurried session to consider the problem and to hear the cases of the two parties to the dispute. Secretary Stimson, speaking for the United States government, has made the statement that this country "will endeavor to reinforce what the League does, and will make clear that it has a keen interest in the matter. . . ." Just what action the State Department will take is not yet apparent. It is known, however, that Secretary Stimson is devoting a large share of his time to a study of conditions in the Far East.

This dispute, like all quarrels between nations or individuals, is so charged with emotion that it is difficult to size up the different claims and positions calmly and logically. Probably each nation is acting in a manner not essentially different from that which has become customary among nations. Each is no doubt impressed with the justice of its own attitude. Possibly we may understand the positions of both parties

better by imagining ourselves in their places.

It is always dangerous to use comparisons as a means of explaining a situation, for no two situations are exactly alike. It may be helpful, however, to imagine that property of American



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HENRY L. STIMSON

citizens had been destroyed in Mexico, or Haiti or Nicaragua, and that American blood had been shed in those regions. In that case it is not inconceivable that the United States might land marines in the districts affected and actually take charge of cities. Our government might do this for the purpose of insuring the protection of American lives or property. In that case opinion in the United States would probably be divided as to the wis-

dom of our procedure. Some would defend the action and others would say that we were playing the part of a bully in our dealings with our small neighbors. If the League of Nations, or any nations acting under the Kellogg Pact, should ask us to withdraw our troops it is conceivable that our government might reply that this was an American affair and that we should assume responsibility for maintaining our soldiers in the affected regions until we had assurance that American property and lives were to be protected.

This analogy, like other analogies, falls somewhat short of perfection, but it indicates something as to how the Japanese feel, as their feeling is reflected by official statements and by reports from those who are on the ground. The Japanese appear to be occupying Manchuria in much the same spirit which has at times been exhibited by the United States in its occupation of Central American territory.

On the other hand, we can get an idea of how the Chinese feel by imagining that a foreign nation had, at a time when we were weak and helpless, obtained legal rights to construct improvements in certain parts of our country and to police those regions. The presence of foreign troops would lead to irritations. Outbreaks would be certain, and if the foreigners came into our territory and seized our cities we would unquestionably feel that this was an act of tyranny and we would be quite sincere in calling upon the nations of the world to stay the hand of the tyrant. Such would be our feeling regardless of whether our own relations to the foreigners in our midst had been wholly blameless.

Such being the state of things so far as the purposes of the contestants are concerned, the next question relates to the means whereby the other nations of the world may bring pressure to bear to prevent war on a large scale. The League of Nations, as we have said, has been called upon to act. The United States is exerting influence as a signatory of the Kellogg Pact. The machinery which the nations have set up to prevent wars has been given an opportunity to work. What the result will be is as yet undetermined. Perhaps the workings of this machinery, if indeed it does work, will be clear in another week. In our next issue we shall describe this machinery and explain, so far as it is then possible, how it has operated in this case.

THE National Assembly in Spain is at work on a constitution for the Republic which came into existence last April when King Alfonso fled the country. Progress is slow because there is a great deal of conflicting opinion over the measures proposed for adoption. However, one very important decision was made on October 13. The Assembly passed by a large majority an article to the constitution decreeing that no state religion is to prevail in Spain. Heretofore Catholicism has been the approved religion in Spain, and the government has been accustomed to giving the church financial support. That religion will, of course, remain the predominant religion in the country for most Spaniards adhere to its teachings and will not change their beliefs.

Once again, therefore, church and state are separated. There was a time when nearly all states had their own authorized religions, but one by one they are dropping the system. The change has been fairly rapid since the turn of the century. Brazil disavowed her state religion in 1899, France in

1905, Portugal in 1911, Mexico in 1917, Chile in 1925 and now Spain. In Soviet Russia the most drastic measures of all have been taken. Atheism alone is recognized as the official state dogma.

SHORTLY after the departure of M. Laval, Washington will prepare to receive another eminent visitor from across the seas. It has been announced that foreign minister Dino Grandi of Italy will come to America next month. He will leave his own country on November 10 and will spend 10 days in the United States conferring with administration leaders in the capital city.

The announced visit of Signor Grandi sets definitely at rest rumors that Premier Mussolini would come to America. The possibility that the Italian dictator would make a trip to this country gave rise to much speculation in political circles in Washington.



© H. Miller  
DINO GRANDI

The prospective conversations between Signor Grandi and President Hoover and Secretary Stimson are looked upon as having particular significance. It was foreign minister Grandi who recently proposed an arms truce before the League Assembly. This plan was approved by Washington which has been sympathetic to arms truce proposals. It seems, therefore, that the conferences which will take place when Signor Grandi arrives will be concerned mainly with the problem of disarmament, with special reference to the coming disarmament conference.

Signor Grandi is an ardent Fascist and is said to be a great favorite with Mussolini. He has given an able account of himself as foreign minister and has become one of the foremost statesmen of Europe. It is not infrequently stated that he in all likelihood will be Mussolini's successor when such a successor is needed.

THE customs union idea is apparently not dead in Europe in spite of the dismal failure of the scheme which Austria and Germany wished to put into effect recently. Dr. Eduard Benes, foreign minister of Czechoslovakia who was the most vigorous opponent of any union between Austria and Germany, has now proposed one on his own behalf. This time, Czechoslovakia, Austria and Hungary are to make up the union, with Yugoslavia coming in later. The plan is as yet tentative and no definite proposals have been made. It is held that the countries which formerly were members of the Austro-Hungarian Empire are in grave economic distress. Tariff walls separate them and financial troubles plague them. As part of the former Empire they were more prosperous than they are today as independent units. A customs union, it is argued, would go a long way toward solving their difficulties.

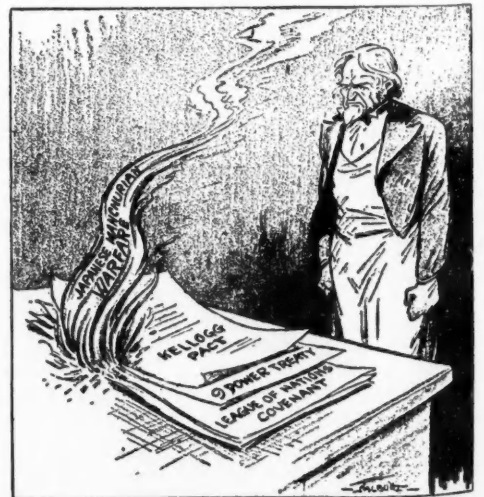
Since the Austro-German episode any proposal for a customs union in Europe must give rise to serious questions. What would be the attitude of other nations? In view of what has already happened it seems likely that there would be

weighty opposition. It is claimed that France would be sympathetic; that Germany, Italy and Great Britain would not. A question arises particularly in the case of Austria. How could she join a customs union when the World Court a few weeks ago decreed that she could not conclude a like agreement with Germany? It appears that these and many other questions would have to be answered before Dr. Benes could give effect to his proposal.

A COLORFUL demonstration was held at Bad Harzburg, a town in the north central part of Germany last week. The three political parties most opposed to Chancellor Brüning assembled there for a meeting. These parties are the National Socialists, known alternately as the Nazis or Hitlerites the Nationalists and the Peasant League. Inflamed speeches were made by leaders of the three parties calling upon the factions opposed to Dr. Brüning to bring about the downfall of his cabinet. This was a few days before the Reichstag was to hold a vote of confidence on the Brüning government, in order to determine as to whether or not it should continue in power.

The situation in Germany recently has been a tense one. A general state of nervousness prevailed when it appeared that the cabinet might fall under the attacks of the Brüning opposition. The National Socialists if given power would institute a very different policy in Germany from the one which now exists. They would reject the treaties signed by Germany after the war and would carry out a strong foreign policy. If this should happen the political situation of Europe would become far more disturbed than it is at present.

THE electoral campaign in Great Britain is in full swing. Ramsay MacDonald is passing through one of the most critical periods of his career as he fights for re-election in his own district of Seaham Harbor. Mr. MacDonald is faced with the difficulty of winning over a group of miners to his cause. Branded as a traitor by many who hear his speeches, he stands in defense of the course of action to which he has pledged himself. The Labor Party in his district is making every possible effort to defeat the prime minister and win the seat in the House of Commons for his opponent. With their votes rests the fate of the man who, at the head of the National Government, has been attempting to steer Britain through her period of crisis. It is a new experience for Mr. MacDonald. Never before has he had to face the opposition of the Labor Party.



ARE THEY JUST "SCRAPS OF PAPER"?  
—Talbot in Washington News



JAMES TRUSLOW ADAMS' "The Epic of America" (Boston, Little-Brown and Company, \$3.00), is not a history of the United States in the sense that it is a chronological recital of facts. The facts or events which we commonly associate with the history of the country are taken for granted. Mr. Adams assumes that the reader is acquainted with the general record. His work is one of interpretation. He sets himself to the task of trying to discover "for himself and others how the ordinary American, under which category most of us come, has become what he is today in outlook, character, and opinion."



JAMES TRUSLOW ADAMS

He is therefore obliged to discover and explain those facts and forces in American life which have had a permanent effect upon the personalities of the American people. This comes near to saying that he is concerned with those occurrences and conditions in our history which are really significant so far as human beings are concerned.

The idea is presented that the people in America started out with the notion that each individual should come to possess the opportunity of developing the powers that lie within him. He calls this the American dream, and he recurs time and again to this dream of "a better, richer and happier life for all of our citizens of every rank." The author feels that Americans have been greatly affected by the conditions under which they have sought to realize that dream. Their personalities have, in no small measure, been shaped by the fact that until recently they were under the spell of a frontier. It was not always the same frontier. The frontier shifted from generation to generation, but a frontier was always there, and those who found it hard to realize their ambitions under the conditions of settled society were always running away from the task of shaping the conditions of life according to heart's desire—they were running away to a frontier where they assumed that life would be simpler and easier. He raises the question as to whether the traits of personality imposed by the conditions of frontier life will prove to be permanent or whether we will grow away from them, as to "whether our long subjection to the frontier and other American influences has produced a new type or merely a transient change. Can we hold to the good and escape from the bad?" he asks. "Are the dream and the idealism of the frontier and the New Land inextricably involved with the ugly scars which have also been left on us by our three centuries of exploitation and conquest of the continent?" An indication of the nature of these scars is suggested in this paragraph:

We have already tried to show how some of the scars were obtained; how it was that we came to insist upon business and money-making and material improvement as good in themselves; how they took on the aspects of moral virtues; how we came to consider an unthinking optimism essential; how we refused to look on the seamy and sordid realities of any situation in which we found ourselves; how we regarded criticism as obstructive and dangerous for our new communities; how we came to think manners undemocratic, and a cultivated mind a hindrance to success, a sign of inefficient effeminacy; how size and statistics of material development came to be more important in our eyes than quality and spiritual values;

## ON BOOKS AND MAGAZINES

how in the ever-shifting advance of the frontier we came to lose sight of the past in hopes for the future; how we forgot to live, in the struggle to "make a living"; how our education tended to become utilitarian or aimless; and how other unfortunate traits only too notable today were developed.

There is not so very much that is new by way of historical interpretation in this book. It is, however, none the less valuable. It is interestingly written and easily read and it effectively depicts the conditions of American life which have been potent in the shaping of American personalities. The point of view is realistic without being cynical. The author does not hesitate to analyze the characters of great historical figures mercilessly. He does not hesitate to paint Sam Adams as a skillful agitator, a manipulator of mass opinion. At the same time he is impressed by the stature of George Washington and pays the following tribute to that great American:

There were great patriots in America whose names are inscribed in the story of that time. There were many humble folk whose names have faded from our histories or were never known outside their narrow village circle, who struggled and suffered from the noblest motives. But war brings out the worst as well as the best in men. It is a mistake to think of the America of 1776-1783 as a nation of patriots pressing their services to gain their freedom. It was hard to get men into the army, and to keep them there. Often Washington had neither money nor food nor clothing to offer them. But he always had an army, pitifully small as it was at times, which held the flag flying in the field through love of him and confidence in the character which they sensed in his dignified presence. Without him the cause would have been irretrievably lost, and the thunder of the orators would have rumbled long since into forgetful silence. When the days were blackest, men clung to his unfaltering courage as to the last firm ground in a rising flood. When, later, the forces of disunion in the new country seemed to threaten disruption, men again rallied to him as the sole bond of union. Legacy to America from these troubled years, he is, apart from independence itself, the noblest heritage of all.

### FRANCE "IN CLOVER"

It is a pleasure nowadays to read an article which does not deal with the gloomy aspects of the depression. In the October *Forum* we find such an article in "Marianne in Clover," by Edward Angly. Although written in a sprightly manner, the contribution of Mr. Angly is by no means lacking in seriousness. He has succeeded in giving a clever portrayal of present-day conditions in France without the use of abstract terms and generalizations. His familiarity with the French character is undoubtedly the result of the many years spent as a foreign correspondent in the country.

The principal objective of "Marianne in Clover" is to analyze the actual economic structure and conditions of France. Why is it that France is the most prosperous country in Europe today? Why was she the last country to feel the effects of the depression? Why is the list of unemployed in France smaller than that of almost every other country in the world? In other words, why is it that

the Frenchmen are, comparatively speaking, "in clover" today when the rest of the world is crying in distress? These are some of the questions answered by the author.

Mr. Angly in the course of his article draws a vivid comparison between America with her efficiency, big-business methods and mass production, and France with an old-fashioned system of agriculture and business. The author states:

The French, of course, cannot teach us anything about efficiency. Let us agree at the outset that they are inefficient. They do not even have a word in their language for "efficiency." When they mention it, they are obliged to employ the English term, as they also must do when they want to say "knockout." If you like, I will even admit that one of the reasons why there is so little unemployment in France is that the French have an ingrained habit of not letting one man do a job which three men can do just as well.

### THE NEW DIPLOMACY

"If the supermen of July, 1914, had been compelled to face the radio and broadcast in clear terms the reasons why they refused peacefully to settle the Serbian incident, there would have been no war." This is the opinion of P. W. Wilson, former member of the British House of Commons, as expressed in the October issue of *Current History*. Mr. Wilson considers the new method in diplomacy which has developed since the war as one of the greatest factors for world peace.

"Open Methods in Modern Diplomacy" draws an interesting comparison between the manner in which foreign relations were conducted by nations before 1914 and the new procedure which has gradually shaped itself into a definite form since the Treaty of Versailles. The diplomacy of Bismarck, Talleyrand, Metternich and Disraeli represents the former school. Secret negotiations were entered into by the world statesmen. Alliances and agreements were made between countries without the knowledge of the world at large or even the government of other nations. But since 1918, a great transformation has taken place. Secrecy no longer characterizes the relations of one country with another. Any attempts to conceal diplomacy intercourse from the world have been largely futile, as pointed out by the author.

This new form of open diplomacy was unknown to the statesmen of the world who met in Versailles after the cessation of hostilities in 1918. The principles of "no private understandings of any kind" and "diplomacy shall always proceed frankly and in public view," as expounded by Woodrow Wilson, were a new language to diplomats. The author believes, however, that this dream has finally been realized, and is one of the greatest forces now in operation.

Without these principles any effort to solve world problems by means of international conferences would be futile. It is the new diplomacy which has enabled the statesmen of the world to meet around a table and discuss frankly their differences of opinion.

### FIRST EDITIONS

A love of reading is the best insurance policy for happiness throughout life, is the conclusion reached by one of the world's greatest lovers of books. In the October *Atlantic Monthly*, A. Edward Newton develops an excellent study of books as vital agents of civilization. For years, Mr. Newton has made a hobby of collecting first editions of literary masterpieces until he now has one of the finest collections in the world.

"Books of One's Own" is an article of unusual interest. The author reveals many secrets connected with some of his rare first editions and original manuscripts. It is interesting to note that some of the greatest gems in the English language were considered as utter failures when they were first published. Herman Melville, for example, who wrote "Moby Dick," was little recognized during his lifetime. But his great offering has become the model of every author who has since written about the sea. Most of the books which we enjoy today have had a difficult struggle for existence; "for every book that survives, a thousand—ten thousand—fall."

The attitude of looking at books as "required reading" will never create a love for good literature. "Treat every great book as though it were a great man," is the advice which Mr. Newton gives. This is the work in which the author is engaged—stimulating interest in good books among the students of the world. He is now striving to have colleges contribute annual prizes to the student who, during the course of the year, makes the best collection of good books.



NEW CITIZENS FOR THE NEW WORLD

One of the woodcuts by M. J. Gallagher in "The Epic of America" by James Truslow Adams (Little, Brown and Co.).





BY coincidence it happens that the 150th anniversary of the surrender at Yorktown comes at a time when most of the general American history classes

#### The Yorktown Celebration

throughout the country are approaching the close of the Revolution in their studies. The study in the schools, therefore, coincides with a widespread discussion of the incident in the press of the nation. With the facts concerning the celebration which occurred on October 19 in Yorktown, Virginia, we are not here primarily concerned. The story of the affair, which will include the presence of a great-grandnephew of Baron Steuben, that of Marshal Petain, and of President Hoover, is being spread before the American public in the newspapers. We are here concerned with the meaning of Yorktown, and of the winning of independence which it signifies, to the American people of that time and of the years that lay ahead. In this event there was indeed meaning which should be impressive not only to classes in American history but to students of all the social sciences, who are interested in the civic, economic and social progress of the nation.

Perhaps one of the first ideas which might occur to one who is thinking of the permanent meaning of Yorktown is this:

#### Result of Common Effort

The triumph at Yorktown came as a product of common effort with a European nation. The American nation was not born in isolation but in coöperation. Washington and his colonial army had put up a magnificent fight, considering the obstacles to be overcome, but he could not possibly have won without help from Europe. The final stroke was one of strategy. Washington fooled Clinton into thinking that he was to attack New York, and the British general turned his attention to that point. Then Washington hurried down to Virginia with Rochambeau to join Lafayette. The result was the hemming in of Cornwallis, who had to face American and French forces without aid from Clinton. DeGrasse came at this time with the French fleet from the West Indies to assist in the trapping of Cornwallis, and the result of this united effort on the part of American and French forces was the surrender of Cornwallis—a blow which convinced the British of the inexpediency of further fighting.

It was clear even in those days that America did not have an existence separate from the rest of the world. The nation would not have had a chance to work out its destinies had not far-flung forces been called into play. Independence was won through the interplay of these international forces. A little later on, Washington, aware as he was of weakness in the new union of hitherto separate colonies; aware as he was of factions, one looking toward a certain set of European nations for guidance, another looking toward the opposing set; aware as he was of the necessity at that time for establishing order and a spirit of nationality, counseled against absorption of the people with the quarrels of European nations. But the winning of independence at Yorktown did not mean that the people who dwelt in the former col-

onies had by attaining that independence lost their dependence upon the rest of the world, or that they had achieved a real isolation. Yorktown stands for the fact of interdependence. It is a symbol of that coöperation which was a necessity of the time and of all times.

In considering the meaning of Yorktown, it is also well to take into account the fact that it did not mark the establishment of the American nation. It was a negative achievement in the sense that it rid the American people of an outside power which had been governing them. It gave them an opportunity hitherto absent to establish a nation. It gave them freedom from kings, from the influence of rank and caste, from certain feudal remnants such as primogeniture, or the passing of estates to eldest sons. It gave to the population the privilege of establishing a nation, if they were able to do so, without interference from the outside.

#### Yorktown Means Opportunity

That is about all any military victory can do. Constructive achievements are not wrought on the field of battle. The privilege of achievement may be. A considerable part of the confusion which followed Yorktown was due to an assumption held in some quarters that better conditions would flow automatically from the winning of independence. Similarly we have seen a good bit of confusion and much of tragedy come from the assumption held by many that the defeat of Germany in the World War would of itself institute a greater degree of democracy and better conditions in the world.

We may consider further the fact that to Washington the conclusion of the Revolution and the winning of independence gave an opportunity for the development of a democratic society. He considered that the fate of democracy was "staked perhaps finally" on the American experiment, but he did not regard it as more than an experiment at that time. He knew that the work remained to be done—that nothing was won except an

#### For Democratic Society

opportunity to build a democracy. It is therefore more in keeping with the spirit of Washington to regard Yorktown as the symbol not of final victory but of opportunity. Washington's objectives were only partially realized at Yorktown. He did indeed wish the military victory, but he looked upon it as a means of freeing the people of the country to establish a society according to their heart's desire.

The Yorktown celebration may therefore be made the occasion for an inquiry as to the extent to which the opportunities it presented have been realized. It may be made the occasion for a rededication to the unfinished task of furthering that democratic experiment with which the hero of Yorktown was so tremendously concerned.

Yorktown is to be remembered not only as the culmination of heroic efforts—the end of an epoch—but as an event which ushered in a period as trying as the one whose close it marked. The problems of the period following the winning of independence were in some respects more difficult than were those of the military struggle itself. The years of war had called for the exercise of skill and patience and perseverance and physical courage. The years following called for the same qualities, plus the power to work effectively and constructively without being buoyed up by the heroic spirit which is likely to accompany physical combat. After a successful war has ended, there is a brief period of exultation. Then the undramatic problems of every day, intensified as they are by years of destruction, present themselves. Such was the case in revolutionary days. "The revolution was at last accomplished," says McMaster. "The evils it had removed being no longer felt, were speedily forgotten. The evils it had brought pressed heavily upon them (the people). They soon began to grumble, became sullen, hard to please, dissatisfied with themselves and with everything done for them. The states, differing in habits, in customs, in occupations, had been during a few years united by common danger. But the danger was gone. Old animosities and jealousies broke forth again with all their strength and the union seemed likely to be dissolved."

The Harder Task

The opportunity to develop a democracy fit to serve as an example to the world has in a measure been seized and realized by the American people. Washington and his associates carried us a certain distance along the way. Others have taken us farther, but no one can look about over the contemporary scene without being impressed with the idea that much remains to be done before the possibilities conferred by Yorktown have reached full fruition. In fact, democracy in many of our cities has almost broken down. Lawless elements have established themselves in defiance of the common good and maintained their operations in utter disregard of civic authorities. This constitutes, of course, a failure of democracy, and it is but one illustration of present-day democratic problems. Our troubles and our failures at this time cannot be ascribed to tyranny imposed upon us from the outside. The Revolutionary victory guaranteed us the privilege of handling our own affairs. Such failures as we experience today are the product of our own weakness, of our lack of true patriotism, our lack of courage, or our lack of civic skill.

It was at this point that Washington rose to his full stature. It was not that he showed unusual statesmanship or power of constructive statecraft. But he had common sense, patience and the power to inspire confidence in his honesty. The qualities which had made him great as a general added to his fame during the less inspiring years of the confederation.

It is worth while to think of Yorktown in the way we have suggested. If it is regarded merely as a symbol of victory, the significance will not be very great. It means relatively little to us that we should have occasion to exult over military victories won a century or more ago. The feeling of exultation is pleasant enough, but it gets a citizen nowhere. A feeling of responsibility may be more tiring, but it is more productive of civic results, and it is the feeling of responsibility which Yorktown suggests if it is looked upon as a symbol of opportunity.

Work Not Finished

The victory at Yorktown may be compared with the victory which crowned the efforts of the Allies to beat back the German menace. This victory, like that at Yorktown, gave an opportunity to the nations which were assumed to be the most democratic and the most pacific, to establish a world order safe for democracy and for peace. That victory, like the one at Yorktown, was followed by days which were less dramatic and less inspiring—days of dull, drab, but nevertheless imperative problems. These problems have been fumbled in many cases, and we live today in a world which is more chaotic than we might wish. As a result of Yorktown, as a result of other victories including that which followed the World War, we have the opportunity to establish democracy and to promote peace. But the heroism of the battlefield assures only the opportunity to achieve these things. The reality is to be attained by a heroism which manifests itself at the ballot box and in the performance of everyday civic duties such as all intelligent citizens may perform.



THE SURRENDER OF LORD CORNWALLIS AT YORKTOWN, VA.  
From a painting by John Trumbull in the rotunda of the U. S. Capitol.



## PROGRAM IS ADOPTED TO HELP WEAK BANKS

(Concluded from page 1)

local merchant. It will take the notes, or commercial paper, as it is called, as security, and will give the banker cash for them. In other words, it will re-discount them, charging a commission for doing so. The banker, you will see, need not fear for his safety so long as he has the money deposited with him loaned out on commercial paper of this kind—on notes due in 30 or 60 or even in some cases 90 days. If there is an unusual run upon his bank—if an unusual number of depositors call for their money—he can quickly send his notes to the Federal Reserve Bank and get money for them. Then he can hand this money over to the depositors and all will be well.

### Real Estate Loans

But this is not the only kind of use to which the bank puts the money which is on deposit with it. As a matter of fact there is not so much opportunity now as there sometimes is for the banks to put out money that way. Merchants are not doing as much business as they usually do. They are not borrowing so much money. They are not doing so much business with the banks. But the banks may make other kinds of loans. They may, for example, make real estate loans such as we have described. Now loans of this kind are not payable in 30 or 60 or 90 days. A mortgage runs for a number of years, so when a bank or anyone else makes a long-time loan of this kind the money of the bank, or its assets, are "frozen." They cannot be "thawed out" and brought into shape for use quickly. Furthermore, no help can be had in a case like this from the Federal Reserve Bank. If a bank has loaned out the monies left with it by depositors on real estate loans, and then if the depositors come to withdraw their money, the bank may be in a difficult position. It cannot send the mortgage up to the Federal Reserve Bank to have it discounted, and money sent back because the Federal Reserve Bank does not discount this kind of paper. The reason is that it was felt when the Federal Reserve Banks were created that they should keep their money or their assets in "liquid" state, or in condition so that all loans could be put into the form of money quickly, which they cannot be in the case of mortgages running for long periods.

Or perhaps the banker has not put

his loans out either to merchants with commercial paper for security, or to people who want to borrow money on real estate. Here is another case. A customer comes into a bank and wants to borrow money. He cannot give as security farm or city real estate. Neither can he give notes which are due to be paid to him in 30 days or so, and his own unsecured note is not sufficient. But he does own bonds—bonds of corporations or of cities or of the government. A bond is, of course, a promise to pay at a specified time, generally some years in the future. So the bank takes these bonds and with them as security it lends the customer money. Bonds are like mortgages. They cannot be turned in to the Federal Reserve Bank in time of need. That is, the Federal Reserve system does not re-discount them for the bank, or give the bank cash for them. Loans secured, therefore, by bonds constitute a form of "frozen assets," or assets that cannot be realized upon quickly. The same thing is true of stock corporations. A share of stock is of course a share of ownership in a corporation and the customer may bring his stock as well as his bonds to the bank and secure money with them as security.

But that is not all. The bank may make a use of the money left with it by depositors without lending at all. It may make investments. It may itself buy bonds, or stocks, though it is limited by law as to the kind of investments it may make.

### An Uneasy Public

Now let us suppose that a bank, with its money out in all these forms, is called upon by depositors to pay them back the money which they have deposited. That is not merely a hypothetical, or supposed, case either. That is the sort of thing that has been happening lately. A few weeks ago many people throughout the country who had money on deposit in banks got scared. They were afraid that their money was not secure. They became alarmed when they read of the panic in Germany—when they heard that in that country the banks had closed and that people could no longer withdraw their funds. When a little later they read that Great Britain had gone off the gold basis and that the value of the money in that country was declining, they became more alarmed. It was easy for them to get into a panicky state because of hard times through which the country is passing and because of the many prophecies of continued depression.

Accordingly, these uneasy people went in increasing numbers to the banks and withdrew their money. Great numbers of people took money out of the banks, not because they needed to use it, but simply in order to save it or hoard it with the thought that it would be safer in their hands than in the bank. We get an idea of the extent to which this thing was going on when we find that one day last week the money in circulation in the United States, according to official figures, amounted to \$5,431,000,000. That much money was floating about somewhere, or was in the people's pockets, or was being hoarded by them, or was in use in business transactions. It was not in the banks. Now that was \$1,000,000,000 more or about 20 per cent more than was in circulation a year ago.



© Ewing Galloway

FEDERAL RESERVE BANK IN RICHMOND, VA.

It was over half a billion dollars more than was in circulation two years ago at a time when business was brisk and when much money was necessarily needed to carry on active business operations. What does this mean? It means that many people who ordinarily left their money in the bank had taken it out and were hoarding it.

### A Threatened Crisis

It was this flocking of depositors to the banks calling for their money that threatened a crisis recently. Banks which had their money in loans which the Federal Reserve Banks would take over and rediscount were all right. This was the case if the bank had most of its loans secured by so-called "commercial paper," or notes backed up by the credit of business men and due in a short time. But banks which had their funds tied up in real estate loans were helpless. If they had loans secured by stock or bonds, they could force the customers to whom they had lent the money to sell the stock or the bonds and pay up. This was one way a bank could get money. This practice was followed extensively. There was forced selling of stock and bonds. That is one reason why stocks and bonds have been forced down in price so greatly during recent weeks. This dumping of stock and bonds upon the market and the consequent fall of prices served to shake public confidence even further.

### Emergency Action

There seemed a possibility for a time that many more banks might be forced to close and that the country might be thrown into something near a panic. To meet this threat, leading bankers working with President Hoover took action. They arranged, as we reported last week, that banks throughout the nation should contribute a per cent of their surplus money to a gen-

eral fund. Thus the resources of all the banks would be pooled. It was hoped that a fund of \$500,000,000 would be created in this way. This fund was to be administered by committees of bankers, there being a committee in each of the 12 Federal Reserve districts. From this fund money would be extended to banks in need on terms more generous than the Federal Reserve Banks could give. If a bank was threatened with a run by depositors and if its money was tied up in real estate loans or stocks and bonds, the bank could turn these mortgages, or these stocks and bonds—these "frozen assets"—over to the committee in charge of this general fund and it would receive loans out of the fund. Those in charge of this fund, therefore, would do what the Federal Reserve Banks are forbidden by law to do. They would make loans with mortgages and bonds and stocks as security. Thus they would "thaw out" frozen assets and enable banks to secure ready cash with which to meet demands of depositors. One of the effects which it was hoped would come from this program was the revival of confidence on the part of the depositing public. If people saw that the bankers, supported by the government, were actually at work to pool their resources and help banks in all parts of the country to meet their problems, it was thought that the confidence of people would be restored and that they would no longer run to the banks, draw out their money and hoard it. It is too early to say what the permanent effects of this program will be. But in the days immediately following its inauguration, there appeared to be a revival of public confidence. Stock prices advanced, and a spirit of optimism was reflected in the press all over the nation and in the conversation of people everywhere.



EXORCISING THE DEVILS  
—Kirby in New York World-Telegram.



## Mine Owners and Employes Clash as Labor Troubles Invade Harlan

**Open Warfare in Kentucky; Many Killed and Wounded. News Dispatches Suppressed. Miners Protest "Reign of Terror" as Operators Defend Their Actions.**

On May 5th of this year, nine heavily-armed men were driving along the road to Evarts, Kentucky. When they reached the outskirts of the town, they found the road lined on both sides at one point by a crowd of from 100 to 150 miners, plentifully supplied with rifles, shotguns and other weapons. Some one fired a shot, and a terrific battle ensued, during which hundreds of rounds of shells were fired. When the actual violence had ceased, four men were dead, and many more were wounded.

Of the four slain men, three were Harlan County deputies, hired shortly before to maintain order in the coal district; the other was a miner.

This fight was the climax of a reign of terror which the mine workers allege had been instituted by their employers to prevent them from successfully combatting a wage-cut made by Kentucky mine operators last February. They tell of being bullied by "gun-thugs" to get to work or to leave town. They comment bitterly on the bombing of their homes. Strange tales reveal that several persons engaged in relieving the hunger and squalid conditions of the mining people have been shot, arrested, or forcibly expelled from Harlan County. Cars belonging to social workers have been blown up, soup kitchens dynamited, and various outrages have been perpetrated against labor sympathizers.

On the other hand, agents of mine operators point to numerous acts of vandalism and arson committed upon their property and equipment by disgruntled miners. Bombs have been set off in mine shafts, company and independent stores looted and razed by hungry mobs of miners, and various threats have allegedly been made by labor interests against the judges and police officers of Harlan County.

With the arrival of the state militia as a result of the pitched battle described above, Harlan County in the vicinity of Evarts has been under military occupation, which does not, however, prevent the opposing factions from resorting to violence of extreme gravity to break each other's force.

Although these events took place some time ago, press dispatches have been so successfully smothered that practically nothing could be learned of the situation, save that reporters, especially those of the Federated Press, were either arrested or were being rather strenuously invited to leave Harlan County. Two reporters have been fired upon and wounded.

Now, however, due to the continued efforts of the Federated Press and the New York Times, all the details are available, and a study of the question is possible.

It seems that in February last, mine operators in that district proceeded to

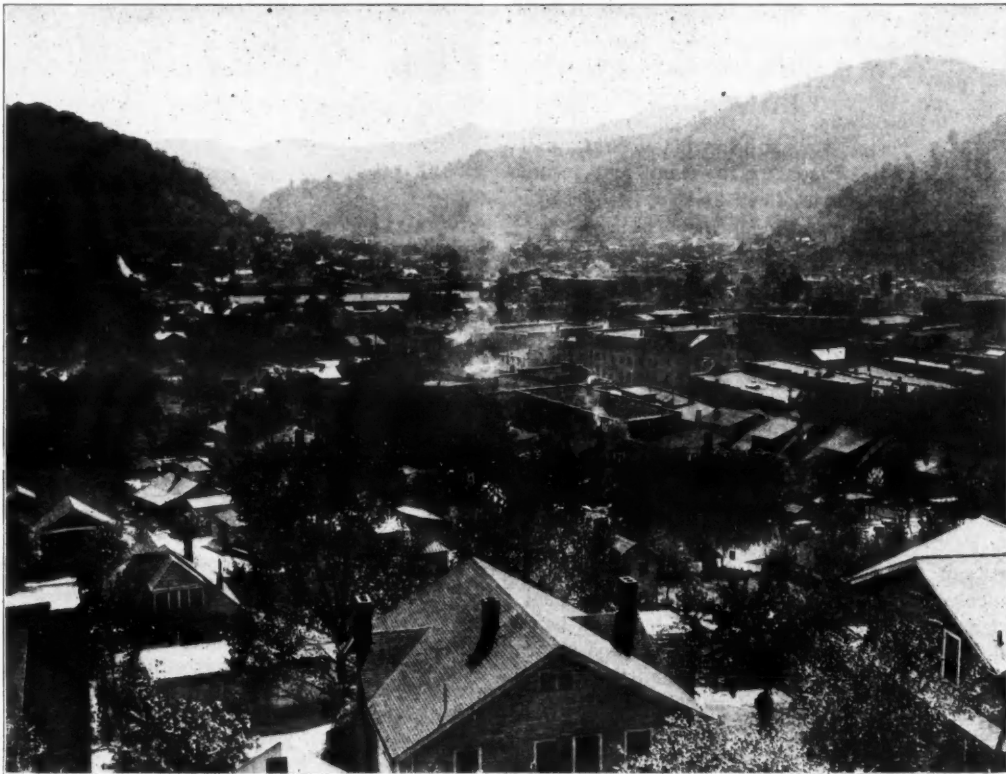
impose a drastic wage-cut amounting to 10% and in some cases much more. As this was but a repetition of similar slashes, the miners became extremely restive and appealed to labor organizations for help. Their plea was heard by the Mine Workers' Union of America which sent representatives down to speak to the miners. The large majority of the latter enrolled in the organization, and it began to gain strength in the environs of Evart. Mine operators, be-

tent to handle the case. Their grounds were that his brother-in-law was a prominent operator, and that much of his own personal fortune was invested in the coal of the district.

The trouble in Harlan County will bear close scrutiny because it presents all the characteristics of open warfare. A violent outbreak between capital and labor has taken place, each justifying its actions with what it considers to be weighty arguments. The issue has now been transferred to the courts and a stern legal battle appears to be in prospect.

### NEXT YEAR'S COTTON

The production of cotton during 1932 will be 40 per cent less than this year, according to reports which come from the principal producing states of the South. Instead of 16,000,000 bales, the



IN HARLAN COUNTY, KENTUCKY

Startling stories of violent labor disputes have come from this mountainous coal-mine district.

© Wide World Photos

coming alarmed at this turn of affairs, took stringent measures to combat the unionist movement. Workers who were members were discharged and even evicted from their homes. Many of those who remained walked out in sympathy with their comrades. Strike-breakers were called in, and professional gunmen imported to protect them. These guards were sworn in as deputies and proceeded to tour about the countryside brandishing firearms and generally arousing the indignation and ire of the miners, already driven to desperation at the sight of their undernourished children, many of whom were going to school without breakfast or lunch.

Under such conditions, the occurrence of May 5 is not at all astonishing. As a result of it, 44 men were indicted for murder, all being miners or men who sympathized with them. Among the latter were many prominent Evarts officials and citizens. Many more were jailed on charges of syndicalism and attempting to overthrow the existing government. These cases will be tried in Montgomery County due to a change of venue obtained by the prosecuting attorney, who pleaded that the prisoners could never be convicted in Harlan County. Defense attorneys were fined \$30 for contempt by Judge Jones for moving that he was incompe-

estimated crop for this year, it is expected that the 1932 crop will yield only 9,500,000 bales. Three of the important states have already enacted legislation regulating the planting of the staple crop during the next year. Texas and Arkansas will permit only 30 per cent of this year's cultivated land to be planted in cotton next year; Mississippi has curtailed the cultivation by 50 per cent. Drastic reductions have also been forecast by all other states except Louisiana and Tennessee.

Various schemes have been advanced during the past few months to solve the grave economic problem of our Southern states. The price of cotton has been so low that suggestions were made to destroy one-third of the crop. Measures have also been proposed whereby no cotton at all would be planted during the next year. Last week, Chairman Stone of the Federal Farm Board and a group of Southern bankers drew up a plan to withhold 7,000,000 bales from the market until next July. The agreement will become effective only if adopted by the several states.

A moving picture is being made depicting the life of George Washington in connection with next year's bicentennial celebration. For the first time historic Mount Vernon, the home of Washington, is being used as a setting.

## Hoover to Attend Olympics in July

**California Will Be Scene of Historic Spectacle Next Year**

The president of the United States will officially open the tenth Olympic games in Los Angeles on July 30. Following the past custom of having the head of the government "rise from his place at the tribune of honor in the Olympic stadium and officially proclaim the games open," Mr. Hoover last week accepted an invitation from the governor of California to assist at this ceremony. His presence at this historical event will lend color to the "parade of nations" composed of representatives of 65 different countries. The Olympic games of 1932 will be staged in the largest arena in the world.

The modern revival of the sacred Greek games which were held in western Sparta more than 2000 years ago is one of the events of universal interest. Every four years, athletes from every country in the world gather at a chosen place to compete for supremacy in the various sports. The people of California are awaiting with enthusiasm this colorful event and are making plans to surpass anything that has yet been seen at this quadrennial display of sportsmanship.

In ancient times, the Olympiad was the outward expression of the Greek ideal of physical perfection. So important were the games considered that for more than 600 years, all hostilities and warfare were ceased throughout the nation in order that spectators and athletes might journey to Sparta in complete safety.

Unfortunately, the idealism connected with the games for so many many years was lost sight of; they deteriorated into a corrupt form of professional athletics, and were completely discontinued about 300 A. D. For almost 16 centuries the Olympiad was a matter of history. Not until 1896 was it revived. Athens was chosen as the site for the first of the modern series. Although informal and modest in presentation the gathering was typical of the ancient spirit. The simplicity of the first modern Olympiad has evolved into a glamorous representation. London, Paris, Antwerp and Amsterdam—to mention a few of the cities in which the games have been held—have succeeded in making the contests more spectacular after every four-year period.

The project for a St. Lawrence waterway which has been advocated and talked about for a number of years has come once more into prominence. The governments of the United States and Canada have announced that they have agreed to enter into immediate negotiations looking to the framing of a treaty which will permit the development of this important means of transportation. The proposed waterway, once completed, will allow ocean-going vessels to penetrate into the interior.